

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
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/076 W

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FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 2218

UNCLAS BUENOS AIRES 6805

E.O. 11652: N/A
TAGS: EFIN, AR
SUBJECT: AUGUST COST OF LIVING - ARGENTINA

REF: BUENOS AIRES 6587

1. THE CONSUMER'S PRICE INDEX (CPI) FOR AUGUST SHOWS AN INCREASE OF 11.3 PERCENT, WHICH IS THE HIGHEST MONTHLY RATE (UNADJUSTED) RECORDED SINCE DECEMBER 1976. THE HIGH LEVEL OF INFLATION IS ATTRIBUTABLE PRIMARILY TO SHARP INCREASES OF FUELS, TRANSPORTATION AND MEAT PRODUCTS IN AUGUST. THE CPI ROSE 82.7 PERCENT DURING THE FIRST EIGHT MONTHS OF 1977 AND 170.4 PERCENT DURING THE PAST TWELVE MONTHS. THE BREAKDOWN OF CPI PERCENTAGE INCREASES BY SECTOR IN AUGUST ARE AS FOLLOWS: FOOD 11.3; CLOTHING 9.9; HOUSING, FUEL AND ELECTRICITY 17.4; HOUSING FURNISHING AND OPERATION 11.1; MEDICAL CARE 8.8; TRANSPORT AND COMMUNICATION 25.4; RECREATION AND EDUCATION 5.3; AND MISCELLANEOUS 6.9.

2. THE WHOLESALE PRICE INDEX INCREASED 12.5 PERCENT IN AUGUST 80.1 PERCENT DURING THE FIRST EIGHT MONTHS AND 132.9 PERCENT DURING THE PAST TWELVE MONTHS.

3. COMMENT: AS ANTICIPATED IN THE MINISTER OF ECONOMY
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MARTINEZ DE HOZ' REPORT TO THE JUNTA (REFTEL) INFLATION IN AUGUST REFLECTED THE GOA'S DESIRE TO REDUCE THE BUDGET DEFICIT BY RAISING PRICES OF FUELS AND PUBLIC SERVICES. THE MINISTER INDICATED THAT INFLATION IS LIKELY TO REMAIN HIGH DURING THE REMAINDER OF 1977, WITH NEW PRICE INCREASES FOR FUELS AND UTILITIES GOING INTO EFFECT BEFORE YEAR-END TO PROVIDE THE NECESSARY

RESOURCES FOR MAINTENANCE AND RE-EQUIPMENT OF STATE
COMPANIES IN THE ENERGY AND TRANSPORTATION SECTORS.
IN ADDITION, INFLATIONARY LEVELS WILL BE AFFECTED BY
WHATEVER WAGE INCREASES THE GOA APPROVES, PARTICULARLY
FOR THE PUBLIC SECTOR WHICH HAS BORNE THE BRUNT OF
WAGE CONTROLS.
HIGGINS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Sent Date: 13-Sep-1977 12:00:00 am
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Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
Disposition History: n/a
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